

Community Leisure UK (Wales) represents charitable Trusts, which are registered charities and social enterprises managing and providing public leisure, sport, arts and/or culture services in partnership with their Local Authority for communities across Wales. Our response has been prepared in consultation with our membership<sup>1</sup>.

### **What impacts has increasing costs of living had on your organisation and sector so far?**

It is important to remember that these pressures come at a time where the public leisure and culture sector has not yet recovered from the impact of the Covid-19 pandemic. The added impact of the cost-of-living crisis has been threefold.

First, expenditure is currently far exceeding income due to the increase in National and Real Living Wage, significantly increased energy rates, and supply costs. Leisure and culture trusts report: *“Proposed increases in utility bills of between 250% and 300% mean an increase in our cost base of between £1.9m and £2.3m, to retrieve that cost we would have to double our prices (assuming that we could retain our current membership base).”*

Second, the recruitment and retention of staff is increasingly difficult, with staff turnover and absence rates at an all-time high as people start searching for higher paid roles outside of the sector or nearer to home.

Third, the cost of living is having an adverse effect on participation rates in sport, physical activity, arts and culture. Members report that:

- Participation and attendance are at 80% when compared to pre-Covid attendance levels. Theatre attendance is beginning to decline by a few percentage points per performance.
- People are unwilling or unable to commit to direct debit memberships and instead take monthly or pay as you go options.
- People are missing payment dates on their leisure memberships.
- There is an increase in the number of people applying for concessionary rates due to changes in employment status and access to benefits.

Consequently, it has become increasingly difficult for organisations to create financial forecasts without the certainty of regular income. In addition, the reduction in people’s disposable income has meant that it becomes harder for organisations to generate profit from events and hospitality to subsidise other work. Members illustrate:

*“We’re starting to see price resistance in our cafes and theatres with people becoming much more price conscious and choosing cheaper options therefore impacting on our overall income levels. Forward sales in our wedding venue are also down – this is an important part of our commercial trading activity which supports our charitable work.”*

While engagement in public leisure and culture is reduced, there has been an increase in activity with partners in the third sector to establish support programmes to support low-income families and those at risk of deprivation.

## **What impacts do you predict increasing costs will have on your organisation and sector? To what extent will these impacts be irreversible?**

While most leisure and culture trusts benefit from being part of local authority energy baskets or having a price protection in their partner agreements with Councils, there are at least five local authority areas where this is not the case. However, even those who are “protected” through these schemes are anticipating irreversible impacts on service delivery:

*“we foresee the impact on LA partners to be significant and this may then be cascaded into the service as future efficiencies are sought. Council budgets will be squeezed and therefore further down the line the impacts on social care and health will have a knock-on effect on service delivery.”*

Without additional support and if current costs do not reduce, there will be a permanent loss of leisure and library facilities across Wales. The cost of running sport, leisure, arts, and culture facilities, many of which are aged or listed buildings, in an environment with escalating operating costs and continued reduced income is unsustainable. We also do not expect income to increase any time soon, as the impact of the cost-of-living crisis is already being felt with people prioritising their monies, as illustrated earlier.

Inevitably, all operators are having to look at facility closure, reduced hours and possible reduced staffing with different service delivery models which will not benefit the public. The knock-on effect of this is a bigger strain on the NHS and other council services that are brought on by inactivity and ill health. Examples of current impacts on operations include:

- Price increases of at least 10%.
- Reduced hours of operation (closing one day a week).
- Reduced staffing i.e., not replacing colleagues when they leave.
- Operating spaces with no staff present to support the public.

These decisions are not made in isolation by leisure and culture trusts, with members explaining: *“Reduction in service, closure of facilities, restructure of organisation and roles with significant potential for job losses will all need to be considered. Our services are delivered in partnership with local authorities and any decisions will be made collaboratively.”*

## **What interventions would you like to see from the Welsh and UK Governments?**

We recognize that the UK Government has announced a 6-month energy price cap for businesses at the same rates as the new domestic rates. We anticipate further clarity on this prior to 1st October and can update the Committee at the Oral Evidence session.

While the business support is vitally needed and welcomed, the hesitancy by both the Welsh and UK Government to act on early warnings has meant that the impact of increased cost of living is being felt by the public and is now visible in participation rates, with the potential to further affect the nation’s health and wellbeing. Therefore, leisure and culture trusts request:

1. Reassurance that business support for charitable organisations will be provided beyond the initial six months of the business support scheme to allow the sector to recover.
2. Immediate, direct financial support to the public leisure and culture sector through:

- 2.1. An increase in revenue funding to local authorities, ringfenced to subsidise people's access to public leisure and culture during the costs of living crisis. This increase in funding should provide a directive to support preventative wellbeing services, including public leisure and culture<sup>ii</sup>.
- 2.2. Grant funding to assist the leisure and culture sectors to provide safe and warm spaces to the public this winter, including using libraries and other public venues.
- 2.3. An inflationary budget increase in Local Government, Sport Wales, and the Arts Council of Wales' revenue budget for the financial year 2023-2024.
3. Support in negotiating better energy deals as currently energy providers are requesting large deposits upfront or refuse to make new offers.
4. Funding for training and investment in staff. This would help upskill staff in centres to support in a very difficult recruitment market.
5. Additional capital funding for energy projects through the Welsh Government's Energy Service and Salix funding, with all benefits of these schemes being accessible to leisure and culture trusts as key partners to local authorities.

The public leisure and culture sector has already made investments to reduce its energy usage and decarbonise its facilities. However, delivery of such projects is a medium to long term ambition and will require further significant capital investment.

### **To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?**

The impacts will not fall differently, but instead be felt harder. The participation and inequality gap will increase, and the health and wellbeing of people from a lower socioeconomic status will suffer greatly due to them not being able to access services and travel. This is a disaster in waiting for the NHS and Local Authorities in the future as people struggle with poor health and everything that comes with it. One of our members illustrates:

*"We work in an area of high unemployment, high long-term sickness, high obesity and low literacy. Each one of our customers in some way or another is feeling the pinch now and will continue to do so. The socio-economic gaps will get larger and larger, those who are unemployed, or who are on long term sickness need our services more than ever and more than their wealthier neighbours in a lot of instances. They will be adversely impacted by any changes to our service provision over and above others. Those with less disposable income will be the first to be hit when they have to choose between food, heating and participating in activities. The issues of obesity and ill health will be compounded if people are unable to participate and this will in turn put a greater strain on NHS services. It really will be a race to the bottom, with the poorest and most vulnerable at the most risk."*

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<sup>i</sup> Community Leisure UK (Wales) member trusts are: Aneurin Leisure (Blaenau Gwent), Aura Leisure & Libraries (Flintshire), Awen Cultural Trust (Bridgend), Celtic Leisure (Neath Port Talbot), Freedom Leisure (Powys, Wrexham, Swansea), GLL (Cardiff), Halo Leisure (Bridgend), Newport Live (Newport), Torfaen Leisure Trust (Torfaen), Wales National Pool Swansea (Swansea), and Wellbeing@Merthyr (Merthyr Tydfil).

<sup>ii</sup> For more information on how leisure and culture trusts can support with preventative wellbeing services, please see our joint report with the Welsh NHS Confederation here: <https://communityleisureuk.org/work/health-wellbeing/>